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IN THE

Supreme Court of the United States

THE NEW YORK TIMES COMPANY, INC.; NEWSDAY, INC.; THE TIME INCORPORATED MAGAZINE COMPANY; LEXIS/NEXIS and UNIVERSITY MICROFILMS INTERNATIONAL,

Petitioners,

v.

JONATHAN TASINI; MARY KAY BLAKELY; BARBARA GARSON; MARGOT MIFFLIN; SONIA JAFFE ROBBINS and DAVID S. WHITFORD,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITIONERS' REPLY BRIEF

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STATEMENT PURSUANT TO RULE 29.6

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1. The Irreparable Harm Threatened By The Decision Below. The Second Circuit's judgment, as a practical matter, requires the destruction of hundreds of thousands of electronically stored articles, spanning decades. Whether the deletions occur voluntarily, or eventually are court-ordered, they will occur on a massive scale. Respondent Tasini, of the National Writer's Union ("NWU"), himself guaranteed this response when he promised a "tidal wave of lawsuits" and warned virtually every newspaper in the country that it sits on a "financial ticking time bomb." *See* Pet. 14-15. In fact, at least 6 *Tasini*-type actions already are pending, Garson Br. 14, including a nationwide class action composed of freelancers holding copyrights since 1977. *See* Complaint in *Posner v. Gale Group, Inc.*, 00-CIV-7376 (S.D.N.Y., filed Sept. 28, 2000).

The inevitability of these deletions, unless the Second Circuit's erroneous decision is reversed, is a direct consequence of the substantial remedies available to plaintiffs under the Copyright Act[1] and the even more substantial remedies available for willful infringement.[2] No rational publisher can assume risks of such magnitude, as noted by: **(1)** an *amicus* brief by five Pulitzer Prize winning historians (some of them freelance writers), who find the completeness and integrity of electronic archives vital to their research and have urged the Court to review the Second Circuit's decision; **(2)** an *amicus* brief by publishers

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1. Remedies include the nationwide injunction, 17 U.S.C. § 502(b), sought by respondents. In addition, 17 U.S.C. § 504(a), (b) provides for actual damages *plus* the profits of the infringer, computed on the basis of gross revenue, with the defendant bearing the burden of demonstrating deductible expenses and the elements of profit attributable to factors other than the copyrighted work. Alternatively, if copyright in the work was properly registered statutory damages of up to $30,000 per infringement may be awarded. 17 U.S.C. §§ 412, 504(c).

2. Damages can reach $150,000 per work. 17 U.S.C. § 504(c). *See N.A.S. Import, Corp. v. Chenson Enters., Inc.*, 968 F.2d 250, 253 (CA2 1992) (reversing non-willfulness finding where defendant continued to distribute infringing handbags after letter saying it would cease doing so).

of hundreds of newspapers and magazines, including some of the most influential in the nation; and (3) the business and legal press.[3] Consistent with this Court's practice of reviewing copyright decisions that so dramatically upset settled expectations, *see Sony Corporation of America v. Universal City Studios*, 464 U.S. 417 (1984), review should be granted to prevent this irreversible, nationwide harm.

Respondents prefer to focus on the purportedly small share of articles written by freelancers, Garson Br. 10, but do not deny that the loss to NEXIS alone could number in the hundreds of thousands of articles, *see* Pet. 15 n.8. Furthermore, as the historians make clear, "[t]he omission of these materials from the electronic databases, for any reason on a large scale or even an occasional basis, undermines the principal benefits that electronic archives offer historians — efficiency, accuracy and comprehensiveness." Burns *et al. Amicus* Br. 11-12.

Nor can respondents contest the sweep of the articles affected. At risk are book reviews, stories sent in by stringers, letters to the editor, Op-ed pieces, and unsolicited articles sent in by public officials and other citizens, *see* Pet. 15 n.8 — even student notes in law reviews. Advance Publications *Amicus* Br. 6. Moreover, entire discs containing freelance articles would have to be removed from the market. Pet. 13. Any substitute CD-ROMs (Garson Br. 18 n.21) would be useless as a historical

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3. *See, e.g.*, Mark S. Kaufman, *Didn't I Read That Somewhere: The Practical Impact of* Tasini v. The New York Times, 9 NYSBA 3, 8 (Spring/Summer 2000) ("It is unlikely that publishers will be able to dig into the past and collect transfers from each freelance author in order to make their historical issues compliant with *Tasini*. As a result, the public will not have access to historical issues of periodicals — except perhaps in libraries."). *See also* Ryan v. Carl *Copyright Suit Settled But Spawns Additional Litigation*, Online Libraries & Microcomputers, Sept. 1, 2000 (noting "a significant loss of content" and that research and scholarship "could be badly damaged."); Pet. 14 (quoting from articles documenting the adverse impact of *Tasini*, not only on scholars, but also on millions of consumers).

archive because they would contain gaps ranging from several days' worth of publications to several *years*'. *See* Declaration of Kenneth A. Tillman, attached to Motion for Stay of Mandate ¶¶ 7, 10, 13 (lodged by petitioners); *see also* Pet. 13.

Entire industries have been built over the last two decades on the expectation, based in Section 201(c), that publishers may reproduce their entire periodicals in the electronic copies now held to be illegal. Respondents speculate that those businesses can continue if publishers negotiate appropriate compensation arrangements with freelancers. Garson Br. 18; Tasini Br. 14-15. This ignores the practical impossibility of locating and negotiating with thousands of individual freelance authors, their transferees in interest, and/or their heirs in the face of class action litigation regarding the use of articles *already published* in electronic copies. The retroactive nature of the problem, as well as the sheer logistical difficulties inherent in the process, are confirmed by undisputed affidavits (*see* Pet. 15 n.8) that respondents decided not to contest in the court of appeals. Garson Br. 17 n.20; Tasini Br. 8. Respondents' proposed Publication Rights Clearinghouse (Tasini Br. 15 n.6) is no solution. Freelancers, by definition, are not collectively organized and the NWU is not recognized by anyone as a collective bargaining agent.[4]

2. There Is No Need To Await The Completion Of The Remedy Phase. The Second Circuit remanded with directions for judgment to be entered for respondents. Pet. App. 22. Whatever remedial decree ultimately may issue, it cannot affect the question presented by the petition. The court of appeals'

4. Respondents suggest, even under petitioners' construction of Section 201(c), that publishers still must contact freelancers whose contracts did not expressly refer to the right to make electronic copies. Tasini Br. 9-10. Not so. Under the proper reading of Section 201(c), publishers are presumed, in the absence of an express transfer to the freelancer, to be able to make electronic copies of their collective works. Contracts like those entered into by Whitford are the belt to the suspenders of Section 201(c), and a correct interpretation of Section 201(c) obviates the need to contact such freelancers.

interpretation of Section 201(c), therefore, is properly before this Court. *See* Robert L. Stern & Eugene Gressman, *et al.*, SUPREME COURT PRACTICE § 2.2, at 40 (7th ed. 1993) ("[T]he Court has granted certiorari to review an important question of law even though presented by a judgment of a court of appeals denying a motion to dismiss or remanding a case for a new trial"). For example, in *Feist Publications v. Rural Telephone Service Co.*, 499 U.S. 340 (1991), this Court granted certiorari even though the lower court judgment was restricted to liability and provided that "the proper measure of damages shall be determined in the future." 663 F. Supp. 214, 220 (D. Kan. 1987).

Tellingly, although respondents cite the *Posner* class action as arising in the Northern District of California (Garson Br. 14-15 n.18), in fact it was voluntarily dismissed in California and refiled in the Southern District of New York, with the NWU added as a party, on September 28, 2000. This refiling illustrates why further "percolation" would be pointless and harmful.[5] The Second Circuit's decision in *Tasini* effectively imposes a national rule not because the Second Circuit is a respected copyright court and many publishers have offices in New York, but because publishers of note, especially those that provide electronic copies of their periodicals, have sufficient contacts with New York to permit suit there, giving the Second Circuit's decision de facto national application. Any freelancer seeking nationwide relief need only sue in New York, as part of the cottage litigation industry already emerging there. Thus, the *Posner* complaint alleges that the defendants (none of whom is alleged to be a New York corporation) "have engaged in substantial acts of infringement" in New York and "are subject to personal

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5. *Posner* plaintiffs, which include the NWU, have urged that all the class action suits by freelance writers be multidistricted in New York, specifically to take advantage of the Second Circuit's holding. Joint Response of Authors Guild and *Posner* Plaintiffs to Motion for Transfer and Consolidation of Actions. *In Re Literary Works in Electronic Databases Copyright Litigation*, MDL No. 1379 (J.P.M.L. Oct. 6, 2000).

jurisdiction" there. Complaint in *Posner v. Gale Group, Inc.*, 00-CIV-7376, ¶ 28 (S.D.N.Y.) (filed Sept. 28, 2000).[6]

3. Respondents' Merits Arguments Underscore The Importance Of The Question Presented. On the merits, respondents admit that this is "a case of first impression," but insist that this Court will be able to ascertain the answer as a matter of "a routine exercise in statutory construction." Garson Br. i; Tasini Br. 6, 10-11. They echo the Second Circuit's holding that electronic publishing is akin to "sell[ing] a hard copy of an Author's article [by itself] directly to the public," Pet. App. 13a, or cutting an individual article out of newspaper and distributing it as a flyer on the street. Garson Br. 7; Tasini Br. 4.

Far from supplying a reason to deny certiorari, this illuminates the importance of the substantive copyright issue presented and the ability of this Court, through the familiar exercise of statutory construction, to resolve an open legal question of profound national significance. As with many other copyright cases this Court has heard, this case has a

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6. Respondents suggest review is inappropriate because petitioners raised the possibility of other defenses, including those relating to substantial non-infringing uses, in the context of seeking on rehearing a change to the Second Circuit's judgment. Tasini Br. 5 n.3, 6, 14. In fact, those defenses provide a further reason to grant review. The Second Circuit's denial of rehearing and its instruction to enter judgment for respondents puts it in direct conflict with the view of the United States Department of Justice as an *amicus* in *Matthew Bender & Co. v. West Publ'g Co.*, 158 F.3d 693, 706-07 (CA2 1998), *cert. denied*, 526 U.S. 1154 (1999), which stressed the important distinction between a "direct" versus "contributory" infringement analysis. It is in connection with the latter analysis, which the Second Circuit should have employed, that petitioners sought to assert their defenses. Now, without having had the opportunity to assert this distinction (which this Court and the Department of Justice have repeatedly emphasized), countless publishers nationwide will be forced to insist that their licensees delete literally tens of thousands of articles or, worse still, entire collective works. Pet. 11-12.

fully-developed summary judgment record.[7] The district court below observed that "there can be no dispute, and there has been no dispute, with respect to [the] critical facts." Pet. App. 100a. This case involves a discrete, but vitally important, matter of statutory interpretation, and it is the subject of thorough analysis in the district court, whose reasoning has been adopted by two other district courts. *See Greenberg v. National Geographic Soc'y*, No. 97-3924-civ, 1998 U.S. Dist. LEXIS 18060 (S.D. Fla. May 14, 1998); *Ryan v. Carl Corp.*, 23 F. Supp. 2d 1146 (N.D. Cal. 1998).

This Court should grant review to consider whether the creation of an electronic copy, with its dramatically enhanced indexing and search capabilities, so changes the underlying collective work that it no longer exists once digitized. According to the Second Circuit, that electronic copies of articles are individually searchable and retrievable, Pet. App. 14a-15a — *i.e.*, the very quality that gives electronic copies their utility — means that electronic databases cannot qualify as "revision[s]." It therefore unexpectedly penalizes publishers for having invested in the development of digital technologies that the 1976 Copyright Act was intended to promote. This Court should review that holding now, for it rests on a patently incorrect statutory interpretation.[8] Otherwise, all forms of electronic

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7. *See Mills Music, Inc. v. Snyder*, 469 U.S. 153 (1985) (granting certiorari, even in the absence of a circuit split, in case involving interpretation of Copyright Act in summary judgment posture); *see also Campbell v. Acuff-Rose Music*, 510 U.S. 569 (1994).

8. Section 201(c) permits publishers to make *"any"* revision. That plain language does not justify the Second Circuit's characterization of "that particular collective work" as a "floor," "any later collective work in the same series" as a "ceiling" and the penultimate category — "any revision" — as a middle level that must be less expansive that the "ceiling" category. Not only is there no rule of statutory interpretation that requires Congress to list phrases in a statute in any particular order, these three clauses represent three distinct publishing practices considered by Congress. The first clause means the issue of the

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reproductions and distributions will be at risk of unanticipated infringement claims and the threatened "tidal wave" of litigation.

Respondents caricature the process of making electronic copies as applying "shears" to print editions, and they refer to electronic copies as a collection of spare car parts at a junk yard (as compared to the whole "Mercedes Benz" of the print edition). Garson Br. 7, 24-25, 28; Tasini Br. 11-12. Petitioners, however, do not "cut out" individual articles with "electronic scissors." As the district court found, Pet. App. 29a, 30a, the publishers provide NEXIS and UMI with the complete daily editorial contents of their periodicals *in precisely the same format as they are transmitted to the publishers' printers*. The district court did *not* find that any of the defendants "store and display individual articles, not collective works." Garson Br. 4. (What the respondents cite as the district court's *findings* (*id.*, citing Pet. App. 54a, 102a) are in fact the district court's description of respondents' arguments.) Rather, the district court found that the electronic copies preserve the "publishers' protected original selection of articles, a defining element of their periodicals." Pet. App. 70a. "[T]he electronic

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magazine, newspaper or encyclopedia in which the article is first published. "Later collective work in the same series" means that "a publishing company could reprint a contribution from one issue in a later issue of its magazine," H.R. Rep. No. 1476 at 122 (1976) and is necessary because that later issue could not be considered a "revision" under any interpretation. That leaves the "any revision" clause to stand on its own, without the ceiling of the third clause that the Second Circuit erected over it. An example of a "revision" is "reprint[ing] an article from a 1980 encyclopedia in a 1990 revision of it." *Id.* Under the Second Circuit's reading of Section 201(c), however, this revision, specifically approved by Congress, would be through the roof of the third clause and therefore infringing. This legislative history, briefed but ignored by the Second Circuit, is exactly on point. *See* House Comm. on the Judiciary, 89th Cong., Copyright Law Revision, Part 5 at 149 (1965) (included as Exhibit J4 to defendants' motion for summary judgment lodged with the Clerk of this Court).

technologies [also] tag those articles in such a way that the publisher defendants' original selection remains evident online." *Id.* 71a. "NEXIS and UMI's CD-ROMs carry recognizable versions of the publisher defendants' newspapers and magazines." *Id.* 73a.[9] If the print copy is a Mercedes Benz, therefore, so too is the electronic copy. *See* Pet. App. 71a n.14 (district court's express refutation of "auto junkyard" analogy).

The point is driven home by respondents' insistence that "[a]bsolutely nothing in the Second Circuit's opinion precludes" publishers from creating "replicas of their publications — or, in essence, an electronic microfilm." Garson Br. 8-9. Of course, the image-based CD-ROM copies in this very case, General Periodicals OnDisc (GPO), involve exactly that: a "replica," in which (as the district court found) "the entire *Sunday Magazine* and *Book Review* are photographed producing complete images of these periodicals. Articles appear precisely as they do in print, complete with photographs, captions, and advertisements." Pet. App. 31a. Yet the Second Circuit expressly held that GPO infringed and was "at best a new anthology." *Id.* 17a. This shows that the Second Circuit's judgment is *not* limited in the way respondents claim and that respondents cannot defend the actual

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9. *See also* Pet. App. 69a (noting the "highly creative endeavor" of selection); *id.* 72a (absence of photographs, captions, and page lay-out is "of only peripheral concern"); *id.* 75a n.16 ("NEXIS and the CD-ROMs do not fail to reproduce versions of defendants' periodicals; they simply store those versions within something akin to an electronic research library"); *id.* 95a ("this original article selection, if preserved . . . would render that creation at least a recognizable version of the hard copy periodical"); *id.* 96a n.6 ("the electronic systems do not destroy the publishers' collective works; those systems make revisions of those works available — for traditional purposes — in new and advanced ways"); *id.* 97a ("the electronic systems are substantially similar to their hard copy counterparts, not merely as a technical matter, but in such a way as to preserve the 'basic character' of those periodicals"); *id.* 103a ("In whatever way plaintiffs' articles are accessed and displayed, they are preserved . . . as part of revised versions of the periodicals in which they initially appeared").

decision below. Rather, they defend a different and more modest judgment, nowhere precisely defined, that respondents, for present purposes, understandably wish had been rendered.

4. The Judgment Below Conflicts With Decisions Of This Court And Lower Courts. Petitioners do not seek "different rules" for the electronic medium. Garson Br. 7; Tasini Br. 12-13. Rather, petitioners seek to apply familiar copyright principles to electronic databases in a medium-neutral way. The Second Circuit did not do that. It defined the collective work by examining how the electronic copies might be used by third parties (to search for and retrieve individual articles), not by examining whether the electronic copies retained the editorial selection of the printed version. This conflicts directly with *Sony*, *Feist* and all of the Circuits correctly applying those cases. *Sony* unequivocally held that "[t]hird-party conduct [is] wholly irrelevant in an action for direct infringement." 464 U.S. at 446. Yet the Second Circuit's decision turns entirely on the ability of end users to access particular articles according to individualized and unknowable search criteria. That respondents did not even plead a contributory infringement claim based on end-user conduct, Garson Br. 3 & n.6, 22; Tasini Br. 11, makes the Second Circuit's decision even more baffling.[10]

Similarly, the holding that "new" works are created by the mechanical process of transferring content from a print to electronic medium is a direct attack on the originality requirement addressed in *Feist*, 499 U.S. at 362-64, and inconsistent with the practice of the U.S. Copyright Office in

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10. Respondents claim that *Sony* is distinguishable because this case "involves the defendants' reproduction and sale of the infringing works themselves. *Sony* only concerned sale of the 'means.' " Garson Br. 22. That claim founders on the same shoals as the rest of respondents' theory. Electronic copies that preserve the selection of the original collective works are not themselves inherently infringing — except by virtue of the Second Circuit's erroneous holding that the capacity of end users to search for and retrieve individual articles renders the databases ineligible for status as "revisions." The Second Circuit's focus on the conduct of end users creates a clear conflict. Pet. 22-26.

refusing to register automated databases consisting solely of data transferred from hard copy to computer storage. Pet. 27.

Further, the decision conflicts with the bedrock principle of media neutrality embodied throughout the fundamental definitions of the Copyright Act. All the differences between the electronic copies that appear in NEXIS and the print copies identified by the Second Circuit as creating new infringing works — the exclusion of graphics and page layouts, and the ability to search articles by keywords, Pet. App. 15a-16a — are dictated by the form of the "copies" of the "work" in dispute. 17 U.S.C. § 101. Yet even these differences are not present in GPO, a "copy" of a "work" the Second Circuit, under its medium-specific approach, held to be infringing, *id.* 17a — a holding that respondents Garson and Robbins do not even defend.

Respondents admit that a square circuit conflict cannot be expected. Garson Br. 25. Indeed, recent copyright cases in which this Court has granted review have involved conflicts in principle, not square conflicts in holdings. Pet. 10 n.5. In any event, the district court decision in *Greenberg* presents a square conflict, as respondents concede. Tasini Br. 7-8 n.4. The instant case, with its complete array of parties, full complement of legal issues, and fully developed record, is the best vehicle for this Court's review.[11]

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11. No amount of percolation will change *Tasini* as the best vehicle for Supreme Court review. Every issue that is in *Greenberg* is in *Tasini*, and then some. *Tasini* offers a complete array of publishers, and a mix of text-only and image-based electronic copies, whereas no database providers are parties to *Greenberg* and the only CD-ROMs at issue in *Greenberg* are image-based products that respondents in *Tasini* now contend do not infringe. Garson Br. 8-9. Finally, because *Greenberg* relied primarily on the *Tasini* decision to grant summary judgment, the record in that case is not as fully developed as the record here.

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